

CITY OF GAITHERSBURG

SUMMARY OF EMPLOYEE BENEFITS

Fringe benefits contribute greatly to the total compensation package and to an employee's personal well being. City of Gaithersburg employees receive a benefit summary at the beginning of each fiscal year (July 1) to assist them in understanding the value of the City's benefit program. The City of Gaithersburg offers this comprehensive benefits package to all full-time employees.

HEALTH AND WELLNESS CARE

MEDICAL INSURANCE

All full-time employees are eligible for medical insurance. Medical insurance is provided by United Health Care, Inc. In addition to the HMO, United Health Care offers the option to go outside of the plan (POS and PPO). Open enrollment is held each May. All medical insurance premiums are pre-taxed. The City of Gaithersburg pays 85 percent of the lowest HMO monthly premium and the employee pays the remainder in each tier: single, two-person, or family. Employees who waive medical coverage offered by the City may request the Employer contribute an amount equal to the premium that would be paid by the City for single medical coverage to their 401A Retirement Plan or their Retirement Health Savings Plan.

The City pays the same percentage of medical insurance premiums for those employees who retire under the General Retirement Plan as it does for active employees. When the retiree reaches age 65, he/she must enroll in Medicare Part B. Medicare then becomes the primary provider and the City's insurance becomes the supplemental insurer.



DENTAL INSURANCE

All full-time employees are eligible for dental insurance. The City of Gaithersburg self insures its dental coverage. The third party administrator is Assurant Employee Benefits. The City's dental plan is an indemnity plan with an in network option. This allows employees to select a dentist of their choice; however, the employee receives increased savings for services provided by a participating dentist. The City of Gaithersburg pays 85 percent of the premium cost and the employee pays the remainder in each tier: single, two-person, or family. All dental insurance premiums are pre-taxed. Employees who waive dental coverage offered by the City may request the Employer contribute an amount equal to the premium that would be paid by the City for single dental coverage to their 401A Retirement Plan or their Retirement Health Savings Plan.

The City pays the same percentage of dental insurance premiums for retirees as it does for active employees.

EMPLOYEE ASSISTANCE PROGRAM

The Employee Assistance Program provides short-term, confidential counseling to employees and their family members at no out-of-pocket expense. The employee and each of his/her eligible dependents may receive up to six free counseling sessions.

WORKERS' COMPENSATION INSURANCE

All full-time employees are covered by Workers' Compensation Insurance in the event they experience a job-related injury.



LONG-TERM CARE INSURANCE (UNUM)

The City of Gaithersburg pays 100 percent of the base plan cost of long-term care insurance for all full-time employees. Long-term care will assist in paying the costs associated with home care, assisted living, or nursing home care. Participants also have the option of purchasing additional coverage for themselves or long-term care insurance for eligible family members at group rates through payroll deduction.

The City pays the same percentage of long-term care insurance base plan premiums for retirees as it does for active employees.

LONG-TERM DISABILITY INSURANCE

Long-term disability insurance is provided as a source of income protection if employee is injured on or off the job. This coverage will provide an employee with up to 60 percent of his/her salary, up to a maximum of \$6,500 per month, beginning 90 days after the onset of disability. This is an employer taxable fringe benefit; therefore, any income an employee receives from long-term disability insurance is not taxed.



VACATION LEAVE

All full-time employees earn vacation leave based on length of service.

Years of Service	Number of Days Earned
0-3 years	12 days
3-6 years	15 days
6-9 years	18 days
9-12 years	21 days
after 12 years	24 days

Vacation leave may be accumulated up to a maximum of 30 days at the end of any calendar year. Any excess leave at the end of the calendar year will be credited to accumulated sick leave. Employees who resign or retire from service will be paid for all unused vacation leave up to a maximum of 30 days; or employees who retire may contribute monies received to a Retirement Health Savings Plan (see next page).

SICK LEAVE

All full-time employees earn 1 ¼ days of sick leave for each month of service. Sick leave may be accumulated with no maximum balance, and may be applied day-for -day in order to assist an employee in meeting the years of service retirement requirement. Employees who retire from City service may also choose to be paid for one quarter of their accumulated sick leave or may contribute monies received to the Retirement Health Savings Plan (see next page). Employees who resign from City service will not receive credit for service or payment for any accumulated sick leave.



PERSONAL LEAVE

All full-time employees may use the equivalent of two days of their accumulated sick leave each calendar year for personal business. If the personal days are not used during the calendar year, they remain in the employee’s accrued sick leave balance.

HOLIDAY LEAVE

All full-time employees receive 11.5 paid holidays each year. City offices are closed on 10 observed holidays (New Year’s Day, Dr. Martin Luther King Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Thanksgiving Friday, and Christmas Day); and employees receive 1.5 days of holiday leave which they may use at a time of their choosing with their supervisor’s prior approval.

LIFE INSURANCE AND OTHER BENEFITS

LIFE INSURANCE BASIC LIFE (CIGNA)

Death by Natural Causes and Accidental Death and Dismemberment

In the event of an employee's death due to natural causes, the employee's beneficiary will receive three times the employee's annual salary up to a maximum of \$350,000. In the event of death due to an accident, the employee's beneficiary will receive three times the employee's salary up to a maximum of \$350,000, with the exception of an automobile accident, which will pay an additional benefit of the lesser of \$25,000 or 10 percent of the benefit if the employee was wearing a seatbelt.

The City of Gaithersburg will continue to pay the premiums for retirees based on the following reduced benefit:

Under age 70	\$50,000
Age 70 to 74	\$32,500
Age 75 and older	\$25,000

LIFE INSURANCE (CIGNA)

Accidental Death and Dismemberment

In the event of the employee's death due to an accident or dismemberment, the employee's beneficiary will receive four times the employee's annual salary up to a maximum of \$250,000. In the event of accidental death resulting from an automobile accident, an additional benefit of up to 10 percent of the benefit not to exceed \$10,000 will be paid if the employee was wearing a seat belt.

RETIREMENT HEALTH SAVINGS (RHS) PLAN

Employees who do not participate in the City's medical and/or dental insurance coverage may participate in this non-taxable Savings Plan. Employees may use monies contributed to the Plan by the City for eligible health and dental care expenses that are not reimbursed through medical or dental programs.

Upon retirement, an employee may also contribute monies received for accrued sick and vacation leave to this Plan. (See Vacation and Sick Leave.)

FLEXIBLE SPENDING ACCOUNT/DEPENDENT CARE

This benefit allows the employee to pay for certain medical and dependent care expenses with pre-taxed dollars, which essentially means he/she gets tax deductions for these expenses by reducing taxable wages and increasing spendable income. The maximum an employee can set aside in a Flexible Spending Account for medical and dental expenses per calendar year is \$3,000. The maximum an employee can set aside per calendar year for dependent care is \$5,000. Employees wishing to participate in either of these plans must enroll/reenroll each January 1. The City of Gaithersburg pays all administrative costs.

TUITION REIMBURSEMENT

Tuition reimbursement is available to any full-time employee wishing to continue his/her education. Employees must complete their probationary period (one year) before being eligible for this benefit. The City of Gaithersburg will pay a maximum of \$1,400 per employee for undergraduate studies or \$2,100 for graduate studies per fiscal year.



RETIREMENT

To retire from the City of Gaithersburg under the General Retirement Plan, an employee must be at least 50 years of age, have at least 15 years of service, and years of service plus age must equal 75. Employees retiring under the General Retirement Plan pay the same percentage of the health care premium as an active full-time employee.

To retire from the City of Gaithersburg under the Early Retirement Plan, an employee must be at least 46 years of age and have a minimum of 20 years of service. Employees retiring under the Early Retirement Plan pay an additional 5 percent of the health care premium cost of the lowest HMO offered at the time of retirement. All other benefits afforded to a retiree at the time of retirement (i.e., payment for accumulated sick leave, dental insurance, long-term care insurance) remain the same whether an employee retires under the General Retirement Plan or the Early Retirement Plan.



RETIREMENT PLANS

401A Money Purchase Plan

An employee is eligible to enroll in this retirement plan immediately upon hire. The City of Gaithersburg will contribute the equivalent of 8 percent of the employee's gross annual salary at no cost to the employee. Employees are vested at 33 1/3 percent after three years of service; 66 2/3 percent after four years of service; and are 100 percent vested after five years of service. All contributions are tax deferred.



401A Money Purchase Supplemental Plan

This retirement plan is available to employees who work 40 hours per week and who have physically demanding jobs. Eligible employees may enroll immediately upon hire. The City of Gaithersburg will contribute up to a maximum of 5 percent of the employee's annual base salary if the employee is contributing at least 5 percent in the 401k Profit Sharing Plan and at least 5 percent in the 457 Deferred Compensation Plan. This retirement plan has a gradual vesting schedule; and employees are fully vested after 10 years of service. All contributions are tax deferred.

401K Profit Sharing Plan

Employees are eligible to enroll in this retirement plan immediately upon hire. The City of Gaithersburg will match 3 percent of the first 5 percent contributed by the employee. Employees are vested at 33 1/3 percent after three years of service; 66 2/3 percent after four years of service; and are 100 percent vested after five years of service. All contributions are tax deferred.

457 Deferred Compensation Plan

This is a supplemental retirement plan which is funded through employee contributions only. It is available to employees immediately upon hire. Investment options are the same in this plan as in the 401A Money Purchase Plan and the 401K Profit Sharing Plan. No vesting period is required. All contributions are tax deferred.

Roth IRA

This is a supplemental retirement plan which is funded through employee contributions only. It is available to employees immediately upon hire. Contributions are taxed but investment earnings grow tax free.

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